

THE LEONARD LETTER

*A weekly electronic newsletter about
California government, business and taxes*

*Bill Leonard, Member
State Board of Equalization*

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QUOTE OF THE WEEK

*"The nearest thing to eternal life we will ever see on this earth is a government program."
--- President Ronald Reagan*

UNDER THE DOME

*****School Construction*****

One of the choices voters will face on this November's ballot is Prop. 1D, a \$10+ billion school bond. Knowing that, I read with interest an Ohio Legislative Service Commission study about the costs of school construction in that state. The study found that a 1997 law exempting public school construction from prevailing wage laws reduced the cost of school construction by more than 10 percent. I suspect the difference in California would be more pronounced, and imagine what an extra \$1 billion could build.

AROUND THE STATE

*****Liberals and Voting*****

The annual television awards ceremony took place Sunday night. I do not watch The Emmys because I think it is rigged. Plus, it's like Olympic Ice Dancing-- how do you vote on art and entertainment? If you like something, then watch it even if it never wins an Emmy.

However, I did not know how honest they are about rigging the voting. Okay, I am jumping to the conclusion that Hollywood is full of liberals. I think I am on safe ground with that assumption. Apparently, somebody was dissatisfied with-- now get this-- the most popular stars winning the Emmy too frequently. Kind of sounds like the Hollywood crowd's complaining about Bush's re-election.

So, they changed the rules to get an outcome they liked better. Here is the explanation: "This new voting initiative hits the issue of a narrow nomination's process head-on," TV Academy Chief Executive Dick Askin said. "It significantly increases the potential for the widest and most diverse selection of nominees as possible."

I have no idea what this means, but I have real doubt that it means that one of my favorite shows -- the Blue Collar Comedy Tour -- is going to win. So, when you read that the California Legislature is trying to go around the U.S. Constitution regarding the Electoral College, just think of the Emmys.

ISSUE FOCUS

*****Global Warming vs. Air Pollution*****

It appears that every politician from the Governor to our U.S. Senator is clamoring to draft the public into a war against global warming. You probably expect me to oppose these moves because: (a) global warming is natural and not much influenced by man, (b) even the most Draconian efforts will have only modest reductions in greenhouse gases, or (c) this really is not the highest priority for tax dollars when our infrastructure is collapsing around us. But what I am really waiting to hear is the responsible atmospheric scientists-- who seem to be muffled-- confirm the fact that many of the solutions to greenhouse gases will cause a rise in air pollution.

Take the catalytic converter that is now on every car. It successfully captures and neutralizes the poisonous elements of air pollution. How does it work? It works by using heat. The hotter the converter, the better it works. Now, according to the scare tactics of those against global warming we are all now to be against heat. We have come too far in our battle against air pollution to now even discuss removing these controls in the name of global warming.

In many ways, air quality and greenhouse gases are opposites. Today's environmentalists have forgotten this inconvenient fact. We have dramatically reduced man-made air pollution. Retreat is not an option.

*****Feedback on My Oil Musings*****

In a recent article, I asserted that those who say that drilling for oil in ANWR is a waste of time because the amount of oil from there is inconsequential have been proven wrong by recent events. I say that because the loss of oil from the BP pipeline closure at Prudhoe Bay caused world oil markets to panic to the upside shows that just about any oil production is significant.

A reader asked that in light of the potential of emerging technologies like coal conversion to oil, "Why do we need to drill for more oil?" Good question. There are indeed some promising technologies. In the 1980's I authored a bill that would have outlawed the internal combustion engine -- I knew it would not pass -- because at that time I did not think enough was being done to develop alternatives and I wanted to advance the discussion. Much has been done since then.

However, while I support the policy goal of decreasing foreign oil reliance, it does not yet make economic sense for us to mandate a switch to these alternatives exclusively. We could probably stop importing oil if we are willing to pay something like \$8 a gallon for gasoline. But the

damage this would have to the economy and the quality of life, especially for those with low incomes, far outweighs the negatives of importing oil – at least for now.

The most basic reason we should be increasing domestic production is that the United States imports roughly 57% of its oil. According to the U.S. Department of Energy, if we do not increase our domestic production, we will be importing 67% of our oil by 2020.

Another reader chimed in with additional benefits:

“Oil underground has no value to anyone, so leaving it there serves no purpose. The foreigners who seek to control the world price of oil find it much more difficult to do so when America produces more of its own oil. The taxes and fees paid for the extraction of domestic oil would reduce the deficit and reduce the pressure for tax increases. The use of American oil is better for the environment because American producers have the best safety record in the world and the most environmental restrictions.”

*****JunkScience on Food Scares*****

Over the years you have probably been lured in by the frightening headlines generated by the Center for Science in the Public Interest. These are the people who have attempted to keep you from eating everything from movie popcorn to coffee to Thanksgiving turkey to cinnamon rolls. I recommend you look at a comprehensive review of CSPI's food scares to see just how far-fetched and misguided their publicity-seeking stunts have been. Author Steven Milloy with the Free Enterprise Education Institute takes each CSPI's 91 scares over the last 35 years and counters each with the science on the subject. My favorite section of Milloy's report includes these summary statements about the “worst” food CSPI has seen:

- “[Bacon is] “the most dangerous food in the supermarket.”
- “Fettucine Alfredo is the worst food I’ve seen in my 15 years as a nutritionist.”
- “[M]ovie theater popcorn is certainly one of the worst foods you can buy.”
- “Hamburgers are already the worst food in the average American’s diet...”
- [French fries] “are about the worst thing anyone can eat.”

You can read Milloy's telling report at this link:

<http://www.junkscience.com/falsealarm.pdf>

MISCELLANY

*****California County History*****

Shasta County was one of California's original counties. It is located on the state's north end in the Cascade mountain range. The name derives from Mount Shasta which was named for the English version of the native tribe that once lived in the region. Mount Shasta itself is not now in Shasta County. It is now part of Siskiyou County but its 14,462-foot peak can be seen from throughout Shasta County.

Shasta's history is best discovered at Shasta State Historic Park. There you can see how many buildings looked and daily life was conducted during California's gold rush, during which time the Shasta region blossomed. The first gold was found by Pierson B. Reading in 1848 at Clear Creek. The next year, a budding town was named Reading Springs. It grew into the commercial center of northern California. The town was renamed Shasta in 1850, but when the gold ran out in the 1860s and the Central Pacific Railroad bypassed Shasta for Redding, the town went into decline. In 1888, the county seat was moved from Shasta to Redding. One of the most interesting features of Shasta State Historic Park is the Litsch General Merchandise Store. You can see how people shopped in the 1880s, and then you can go to the Blumb Bakery and use the 1870s wood-fired oven to bake your own treats.

About 50 miles east of Redding is Lassen Volcanic National Park. The park features all four types of volcanoes in the world. About 600,000 years ago, the collision of continental plates created eruptions and formed Mt. Tehama (also known as the Brokeoff Volcano.) Mt. Tehama crumbled under Ice Age glaciers, but Lassen Peak became an active volcano in 1914 and had its most activity in 1915. The park has 150 miles of trails and features steam vents, mudpots, boiling pools, volcanic peaks, and painted dunes. I have climbed Mt. Lassen twice and recommend it for a great day hike.

*****A Good Read*****

James Alexander Thom is a writer of historical novels -- one of my favorite genres. He also has become an expert in the history of native Americans and shows it throughout his novels. "The Children of First Man" reflects all of his research in crafting a very believable story that reflects some old legends of European settlers in the new world centuries before Columbus. The famous painter and writer of American Indians, George Catlin, came to believe in the 1830s that the Mandan tribe of the upper Missouri River was related to Welsh immigrants, and this novel revolves around how this might be possible. Thom weaves together a story about why Welshmen left their home country, how they might have survived the landing in the west, how their diseases may have caused the die-off of the mysterious Mound Builder tribes, why there are still remains of ancient stone quarried buildings in areas where most tribes used wood and branches for dwellings, and how many words of the Mandan people resemble words and stories of Welsh tradition. It is a great read with a sad ending as the Mandans suffered the same fate of so many native Americans when the culture of commerce and acquisition clashed with the culture of communalism and tribal society.

BOE AND LEGISLATIVE DATES

August 29, 2006 --- BOE meets in Sacramento.

August 31, 2006 --- Final recess of legislature begins upon adjournment.

August 31, 2006 --- Free Tax Seminar for Nonprofit and Faith-based organizations in Roseville. For more information/registration, go to:

<http://www.boe.ca.gov/sutax/nonprofitsched.htm>

September 4, 2006 --- Labor Day.

September 12-13, 2006 --- BOE meets in Culver City.

September 14, 2006 --- Free Tax Seminar for Nonprofit and Faith-based organizations in Santa Barbara. For more information/registration, go to:
<http://www.boe.ca.gov/sutax/nonprofitsched.htm>

September 21, 2006 --- Free Tax Seminar for Nonprofit and Faith-based organizations in Fairfield/Vacaville. For more information/registration, go to:
<http://www.boe.ca.gov/sutax/nonprofitsched.htm>

September 27, 2006 --- BOE meets in Sacramento.

September 30, 2006 — Last day for Governor to sign or veto bills passed by the Legislature before September 1 and in his possession on or after September 1 (Art. IV, Sec.10(b)(2)).

October 5, 2006 --- Free Tax Seminar for Nonprofit and Faith-based organizations in Ontario/Chino. For more information/registration, go to:
<http://www.boe.ca.gov/sutax/nonprofitsched.htm>

October 9, 2006 --- First day absentee ballots will be mailed to those who have requested them.

October 9, 2006 --- Columbus Day.

October 11, 2006 --- Board of Equalization meets in Sacramento.

NOTABLE DATES/ HISTORY

August 28, 1963 --- Martin Luther King delivered his “I Have a Dream” speech in front of memorial dedicated to Republican President Abraham Lincoln.

August 28, 1968 --- Police in Chicago, Illinois, violently attacked protesters against the Vietnam War who filled the streets outside the Democratic National Convention.

August 29, 1831 --- English chemist Michael Faraday discovered electromagnetic induction, the production of an electric current by change in magnetic intensity, which is the principle of the electric generator.

August 29, 1966 --- The Beatles played their final live concert, at Candlestick Park in San Francisco, California.

September 1, 1807 --- Former Vice President Aaron Burr was acquitted on charges of treason for his alleged attempt to set up an independent republic in the Spanish territory in the Southwest.

September 1, 1939 --- Nazi Germany began World War II by invading Poland.

September 1, 1972 --- Bobby Fischer became the first American to win the world chess championship by defeating Soviet champion Boris Spassky in Reykjavik, Iceland.

September 1, 1983 --- In one of the last major incidents of the Cold War, a Soviet fighter plane shot down Korean Air Lines flight 007, killing all 269 on board, after it strayed into Soviet air space.

September 2, 1864 --- Union armies led by General William Tecumseh Sherman occupied Atlanta, Georgia. They burned much of the city before beginning their march to the Atlantic Ocean.

September 2, 1945 --- On board the USS *Missouri* in Tokyo Bay, Japanese officials made their formal surrender to the United States, ending the conflict between the two countries in World War II.

September 3, 1783 --- The Treaty of Paris was signed between Britain on one side and France, Spain, and the United States on the other, ending the American Revolution.

September 3, 1939 --- Two days after Nazi Germany's invasion of Poland, France and Britain entered World War II by declaring war on Germany.

September 3, 1976 --- The U.S. Viking 2 spacecraft landed on the surface of Mars, where it analyzed the soil and climate and sent back some of the first close-up photographs of the planet.

September 4, 1781 --- Spanish colonists settled El Pueblo Nuestra Señora la Reina de los Ángeles de Porciúncula, later shortened to Los Angeles.

September 4, 1881 --- Thomas Alva Edison supplied electricity to the first customers of the Edison Electrical Illuminating Company in New York City.

September 4, 1886 --- Geronimo, the Chiricahua Apache who had led raids on white settlers for ten years after the U.S. government attempted to move the Apache to a reservation, surrendered to U.S. General Nelson A. Miles.

September 4, 1957 --- Arkansas Governor Orval Faubus used the Arkansas National Guard to block the entry of nine African American students into Little Rock's segregated Central High School.

GENERAL TAX INFORMATION

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115
TDD service for the hearing impaired
TDD phones: 800-735-2929
Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate's office for assistance with any BOE issues, see <http://www.boe.ca.gov/tra/tra.htm>, or call toll-free 1-888-324-2798.

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